

Remuneration report 2021

Introduction

This report describes how the guidelines for executive remuneration for Netel Holding AB (publ), adopted by the Extraordinary General Meeting held on 17 September 2021, were implemented in 2021. The report also contains information about remuneration of the CEO. The report was prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board's *Rules on Remuneration of Executive Management and on Incentive Programmes*.

Additional information about executive remuneration is found in Notes 5–6 (Personnel costs and Average number of employees) on pages 101–103 of the 2021 Annual Report. Read the Annual Report at <https://netelgroup.com/en/investors/reports-and-presentations/>. Information about the work of the Remuneration Committee in 2021 is presented in the corporate governance report on pages 61–73 of the 2021 Annual Report.

Board fees are not included in this report. Such fees are resolved on annually by the Annual General Meeting and disclosed in Note 6 on page 103 of the 2021 Annual Report.

Key developments in 2021

The CEO summarises the company's overall performance in his statement on pages 6–7 of the 2021 Annual Report.

The company's remuneration guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company can recruit and retain qualified personnel. To this end, the company must offer competitive remuneration. The company's remuneration guidelines enable the company to offer executives competitive total remuneration. Under the remuneration guidelines, executive remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to financial or non-financial criteria. They may be individualised, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by, for example, being clearly linked to the business strategy or promoting the senior executive's long-term development.

The guidelines are found on pages 64–68 of the 2021 Annual Report. In 2021, the company followed the applicable remuneration guidelines adopted by the general meeting. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines is available on <https://netelgroup.com/en/corporate-governance/annual-general-meetings/2022-annual-general-meeting/>. No remuneration has been reclaimed.

Table 1 – Total CEO remuneration in 2021 (TSEK)

Name of director (position)	1 Fixed remuneration		2 Variable remuneration		3	4	5	6
	Base salary	Other benefits ¹	One-year	Multi-year	Extraordinary items ²	Pension costs	Total remuneration	Proportion of fixed and variable remuneration ³
Ove Bergkvist (CEO)	4,214	97	2,028	0	13,171	2,606	22,115	6,916/ 15,199

¹ Company car

² Extraordinary items include an extraordinary pension of MSEK 3

³ Pension costs (column 4), which refer in their entirety to Base salary and are defined contribution, have been fully recognised as fixed remuneration.

Application of performance criteria

The performance measures for the CEO's variable remuneration have been selected to deliver the company's strategy and to encourage behaviour which is in the long-term interest of the company. In the selection of performance measures, the strategic objectives and short-term and long-term business priorities for 2021 have been taken into account.

Table 2 – Performance of the CEO in the reported financial year: variable cash remuneration

Name of director (position)	1 Description of the criteria related to the remuneration component	2 Relative weighting of the performance criteria	3 a) Measured performance and b) actual award/remuneration outcome
Ove Bergkvist (CEO)	Results based	50%	a) 100% b) TSEK 1,014
	Fulfilment of targets in business plan	50%	a) 100% b) TSEK 1,014

Comparative information on the change of remuneration and company performance

Table 3 – Change of remuneration and company performance over the last reported financial year (RFY) (TSEK)¹

	2021 vs 2020	RFY 2021
CEO remuneration	+16,326 (282%)	22,115
The Group's operating profit	+7,040 (+6%)	125,574
Average remuneration on a full time equivalent basis of employees ² of the Group	+24 (+175%)	38

¹ Remuneration = fixed remuneration, variable remuneration and pension costs. Netel was listed on Nasdaq Stockholm in October 2021 which is why the company only reports the past two financial years.

² Excluding members of Group management.